

LEASE AGREEMENT – COMMERCIAL PREMISES

THIS LEASE made this 15th day of June 2002 by and between FLEXSTEEL INDUSTRIES, INC., hereinafter called "Lessor" and PARTNERS SUPPLY, INC AND GS PLASTICS, INC., hereinafter called "Lessee":

WITNESSETH:

1. **PREMISES:** Lessor does hereby lease to Lessee, those certain premises commonly known as: 23542 Cooper Drive, Elkhart Indiana 46514-9233 approximately 22,500 square feet, which includes office space, restrooms, loading docks hereinafter called "Premises", being situated upon land legally described in Exhibit A attached hereto.
2. **TERM:** The term of this lease shall be for twenty-four (24) months commencing the 15th day of June 2002 and shall terminate on the 30th day of June 2004.
3. **RENT:** Lessee covenants and agrees to pay Lessor, at Lessor's address, 3400 Jackson Street, PO Box 877 Dubuque, Iowa 52004-0877 minimum monthly rent in advance on the first day of each month of the lease term as follows: Five Thousand Two Hundred Dollars (\$5,200.00) for the period June 15, 2002 through June 30, 2003, and Five Thousand Five Hundred Dollars (\$5,500.00) for the period July 1, 2003 through June 30, 2004. Further, Lessee shall pay to Lessor on the date of execution of this lease the sum of Ten Thousand Dollars (\$10,000.00) representing a security deposit for this lease.
4. **UTILITIES AND FEES:** Lessee agrees to pay all charges for light, heat, water, sewer, garbage, drainage and all other utilities and services to the Premises during the full term of this lease.
5. **REPAIRS AND MAINTENANCE:** Premises have been inspected and are accepted by Lessee in their present condition.

Lessee's Obligations – Lessee shall, at its own expense and at all times, keep the Premises neat, clean and in a sanitary condition, and keep and use the Premises in accordance with applicable laws, ordinances, rules, regulations and requirement of governmental authorities. Lessee shall permit no waste, damage or injury to the Premises.

Lessor's Obligations – Lessor will, at its own expense, keep in good repair the structure, exterior walls and foundation of the property. Lessor will, at its own expense, repair major mechanical equipment during the initial period (ending June 30, 2004) of this lease. Should Lessee exercise its option for one or more of the option periods described in Section 21, the repair of the major mechanical equipment will be at the Lessee's expense.

6. SIGNS AND ALTERATIONS: All signs or symbols place by Lessee on or about the Premises shall be subject to Lessor's prior written approval. After prior written consent of Lessor, Lessee may make alterations, additions and improvements in said Premises, at Lessee sole cost and expense. Lessor may elect to require Lessee to remove any such alterations, additions or improvements upon termination of this lease at Lessee's sole cost and expense.
7. LIENS AND INSOLVENCY: Lessee shall keep the Premises free from any liens arising out of any work performed or materials furnished to, or obligations incurred by Lessee, and shall hold Lessor harmless against the same. In the event Lessee becomes insolvent, bankrupt, or if a receiver, assignee or other liquidating officer is appointed for the business of Lessee, Lessor may cancel this Lease at its option.
8. SUBLETTING OR ASSIGNMENT: Lessee shall not sublet the whole or any part of the Premises. This Lease shall not be assignable by operation of law.
9. DAMAGE OR DESTRUCTION: In the event the Premises are rendered untenantable in whole or in part by fire, the elements, or other casualty, Lessor shall notify Lessee, within thirty (30) days after such casualty, that Lessor will undertake to rebuild or restore the Premises, and that such work can be completed within one hundred eighty (180) days from the date of such notice of intent. If Lessor cannot restore or rebuild the Premises within the said one hundred eighty (180) days, then the Lease may be terminated at Lessee's option by written ten (10) day notice to Lessor. During the period of untenability, rent shall abate in the same ratio as the portion of the Premises rendered untenantable bears to the whole of the Premises.
10. ACCIDENTS AND LIABILITY: Lessor or its agent shall not be liable for any injury or damages to persons or property sustained by Lessee or other, in and about the Premises. Lessee agree to defend and hold Lessor and its agents harmless from any claim, action and/or judgement for damages to property or injury to persons suffered or alleged to be suffered on the Premises by any person, firm or corporation, unless caused by Lessor's negligence. Lessee shall provide a liability insurance policy covering Lessor and Lessee in an amount not less than \$1,000,000.00 and provide a Certificate of Insurance to Lessor.
11. COSTS AND ATTORNEY'S FEES: If, by reason of any default or breach on the part of either party in the performance of any of the provisions of this Lease, each party hereby agrees to pay the reasonable attorney fees of the substantially prevailing party incurred in enforcing the terms of this Lease. It is agreed that the venue of any legal action brought under the terms of the Lease shall be in Elkhart County, Indiana.

12. SUBORDINATION: Lessee agrees that this Lease shall be subordinate to any mortgages or deeds of trust placed on the property described in Exhibit A, provided, that in the event of foreclosure, if Lessee is not then in default and agrees to attorn to the mortgagee or beneficiary under deed of trust, such mortgagee or beneficiary shall recognize Lessee's right of possession for the term of this Lease.
13. NO WAIVER OF COVENANTS: Any waiver by either party of any breach hereof by the other shall not be considered a waiver of any future similar breach. This Lease contains all the agreements between the parties; and there shall be no modification of the agreements contained herein except by written instrument.
14. SURRENDER OF PREMISES: Lessee agrees, upon termination of this Lease, to peacefully quit and surrender the premises without notice, leave the Premises neat and clean and to deliver all keys to the Premises to Lessor. If Lessor elects to require Lessee to remove alteration, additions, or improvements made by Lessee, then Lessee shall restore the Premises to their previous condition, less reasonable wear and tear.
15. BINDING ON HEIRS, SUCCESSORS AND ASSIGNS: The covenants and agreements of this Lease shall be binding upon the heirs, executors, administrators, successors and assigns of both parties hereto, except as hereinabove provided.
16. USE: Lessee shall use the Premises for the purpose of warehousing and light manufacturing and the related administrative functions and for no other purposes, without the written consent of Lessor.
17. NOTICE: Any notice required to be given by either party to the other shall be deposited in the United States mail, postage prepaid, address to the Lessor at:

FLEXSTEEL INDUSTRIES, INC.
Attention: Ronald J. Klosterman
3400 Jackson Street
P. O. Box 877
Dubuque, IA 52004-0877

or to the Lessee at:

PARTNERS SUPPLY, INC.
Attention: Bruce A. Korenstra
23542 Cooper Drive
Elkhart, IN 46515

or such other address as either party may designate to the other in writing from time to time.

18. REAL PROPERTY TAXES: "Real property taxes" are defined to mean all real property taxes and assessments levied or assessed by any lawful authority against the land of the Premises and any improvements thereon which accrue during this Lease, including any special assessments or any substitute taxes as provided herein, and including any costs and expenses incurred in contesting the amount or validity of such taxes, charges, or assessments (such cost and expenses shall be applicable to the period of time for which the item is contested).

Lessee shall pay to Lessor real property taxes accruing during the Lease. Lessee's annualized liability for its tax obligation payable under the terms of this Lease shall be disclosed to Lessee by Lessor and remitted by Lessee in equal monthly installments to Lessor with the minimum monthly rent payments. Lessor shall make remittance to the appropriate taxing authority and, if requested, provide proof of payment to Lessee.

19. INSURANCE OBTAINED BY LESSOR: Lessor will obtain broad form fire and extended coverage insurance on the building in which Premises are located for its full insurable value on a replacement cost basis, if obtainable and if not obtainable, for the full amount of its actual cash value. Lessee shall pay to Lessor the annual premium for such insurance in equal monthly installments as additional rent.

The parties agree that the insurance coverage herein obtained and provided by Lessor shall be considered the primary insurance coverage for fire and extended coverage on the building and that any other coverage available to Lessee or maintained by Lessor shall be considered excess over and above the coverage provided by Lessee.

Lessee agrees to provide its own insurance coverage on its equipment, inventory and other personal property located in or on the Premises at its own cost.

All insurance on the Premises (not inventory, equipment or personal property) shall be carried in the name of the Lessor and the Lessee shall be an additional insured. Lessor shall provide to Lessee certificate(s) of insurance issued by its insurer and the certificate shall provide that Lessee will be provided with a ten (10) day written notice prior to cancellation of said insurance.

Lessor and Lessee, and all parties claiming by, under or through them, hereby mutually release and discharge each other from all claims and liabilities arising from or caused by any hazard covered by insurance on the premises or covered by insurance in connection with property on or activities conducted on the premises regardless of the cause of the damage or loss.

20. LATE PAYMENTS: All monthly rent payments are due on the first day of each month of this Lease. A five (5) calendar grace period is allowed for late rent. After five days, a late charge of eighteen percent per annum (18%) or a minimum fee of One Hundred Dollars (\$100.00) will be assessed.

21. OPTION TO EXTEND: Lessor grants Lessee the right, privilege, and option to extend this lease for two periods of two years each upon the same terms and conditions contained in this lease, upon notice in writing to Lessor of Lessee's intention to exercise each such options, given at least one hundred twenty (120) days prior to the expiration of the term of preceding extension of the term. The minimum monthly rent for each option period shall be as follows:

Five Thousand Six Hundred Dollars (\$5,600.00) per month for the period
July 1, 2004 through June 30, 2006

Five Thousand Eight Hundred Dollars (\$5,800.00) per month for the period
July 1, 2006 through June 30, 2008

22. TIME IS OF THE ESSENCE OF THIS LEASE.

23. Each individual executing this Lease on behalf of PARTNERS SUPPLY, INC. AND GS PLASTICS, INC. represents and warrants that he is duly authorized to execute and deliver this Lease on behalf of PARTNERS SUPPLY, INC. AND GS PLASTICS, INC. in accordance with a duly adopted resolution of their respective Boards of Directors of said PARTNERS SUPPLY, INC. AND GS PLASTICS, INC. or in accordance with the By-Laws of PARTNERS SUPPLY, INC. AND GS PLASTICS, INC., and that this Lease is binding upon said PARTNERS SUPPLY, INC. AND GS PLASTICS, INC. in accordance with its terms. Lessee shall, within thirty (30) days after execution of this Lease deliver to Lessor a certified copy of a resolution of the Boards of Directors of PARTNERS SUPPLY, INC. AND GS PLASTICS, INC. authorizing the execution of this Lease.

24. This Lease Agreement shall be governed by the law of the State of Indiana.

IN WITNESS WHEREOF, the parties have hereunto set their hands the date first above written.

LESSOR:

FLEXSTEEL INDUSTRIES, INC.

By: R. J. Klosterman
Ronald J. Klosterman
Vice President – Finance
and Secretary

LESSEE:

PARTNERS SUPPLY, INC.

By: Bruce A. Korenstra
Bruce A. Korenstra

GS PLASTICS, INC.

By: Bruce A. Korenstra
Bruce A. Korenstra

STATE OF IOWA)
COUNTY OF DUBUQUE)

On this 24th day of June, 2002, before me, the undersigned, a Notary Public in and for the said State, personally appeared RONALD J. KLOSTERMAN, to me personally known, who being duly sworn, did say that he is Vice President of Finance and Secretary of FLEXSTEEL INDUSTRIES, INC., a Minnesota corporation, the corporation executing the within and foregoing instrument; that said instrument was signed on behalf of the corporation by authority of its Board of Directors; and that RONALD J. KLOSTERMAN as Vice President of Finance and Secretary of said corporation acknowledged the execution of the foregoing instrument to be the voluntary act and deed of the corporation, by it and by him voluntarily executed.



Timothy E. Hall
Notary Public
My Commission Expires:

STATE OF INDIANA)
COUNTY OF ELKHART)

On this 19 day of June, 2002, before me, the undersigned, a Notary Public in and for the said State, personally appeared BRUCE A. KORENSTRA, to me personally known, who being duly sworn, did say that he is Sec/Treas. of PARTNERS SUPPLY, INC. AND GS PLASTICS, INC., both Indiana corporations, the corporations executing the within and foregoing instrument; that said instrument was signed on behalf of the corporations by authority of their respective Boards of Directors; and that BRUCE A. KORENSTRA as Sec/Treas. of said corporations acknowledged the execution of the foregoing instrument to be the voluntary act and deed of the corporations, by them and by him voluntarily executed.

Mark A. Mink
Notary Public
My Commission Expires: 5/16/07

EXHIBIT "A"

A part of Lot Number A-30, as the said Lot is known and designated on the recorded plat of NORTHLAND PARK SECOND SECTION, Osolo Township; said Plat being recorded in Plat Book 13, page 62 in the Office of the Recorder of Elkhart County, Indiana, more particularly described as follows:

Commencing at the northeast corner of said Lot; thence due west, along the north line of said Lot, three hundred twenty-five (325) feet to the place of beginning of this description; thence due west along the north line of said Lot, two hundred fifty-one and fifty-three hundredths (251.53) feet; thence south one (1) degree forty-five (45) minutes west, parallel with the west line of said Lot, four hundred (400) feet; thence due east, parallel with the north line of said Lot, two hundred fifty-two and forty-six hundredths (252.46) feet; thence north one (1) degree thirty-seven (37) minutes east, parallel with the east line of said Lot, four hundred (400) feet to the place of beginning. Containing two and thirty-one hundredths (2.31) acres of land.

Subject to a twenty (20) foot wide easement for roadway and drainage purposes along the north side of said tract, as platted on the recorded Plat.

Subject to a twenty (20) foot wide utility and drainage easement along the south side of the tract described.

Subject to the protective covenants and restrictions recorded in Miscellaneous Record 103, page 653 in the Office of the Recorder of Elkhart County, Indiana.